

# THE ADVANCED CONNECTION

## ISSUE #23

February 2021

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## Looking back on 2020, and looking forward to 2021

Looking back at 2020, there may have been times as an investor when you felt more nervous, or even frightened about your accounts or the stock markets, than you have been in a while. The interesting thing is, if you would have taken a long nap starting on January 1, 2020 and woken up on December 31, 2020, you would have thought it was a pretty good year from a market perspective. Despite everything going on with the pandemic, election, cultural unrest, etc., the markets finished the year surprisingly strong. The major US stock market indices were all up for the year 2020, some even with growth in the double digits. Pretty spectacular! However, when you dig into the details there was also a lot of disparity seen in the markets that hasn't been the norm in the past several years. The strong markets were largely fueled by a handful of technology companies that were positioned to benefit from the pandemic by individuals staying home more and working remotely. Many value companies and small companies struggled during that same time, and were even slower to recover once the markets began rebounding in the late spring.

Going forward, there seems to be a fair amount of hope and optimism for 2021 as the COVID-19 vaccine is being distributed and it seems more stimulus packages are likely to pass under the new administration. If the vaccine can be widely distributed, many experts are saying that the demand for summer travel will be exceptionally

high, as many people had to put off their vacations from last year and are eager to get away. This could help boost many of the areas of the economy that are continuing to struggle. However, if the vaccine rollout and return to "normal" aren't what the market expects, we could see some more volatility as the year goes on.

We have also seen some historic moves from the Federal Reserve to help boost the markets. There are some commentators that are wondering if these moves and the tools still in their toolbox will help keep markets high and strong, even in times of low economic productivity and demand. In essence, will the Fed step in every time the market drops more than 10-20% to attempt to bring it back to previous valuations? This is an interesting thought and an area that many are watching as world events rage on.

As we look to the coming year, we want to remind ourselves that stock markets are forward looking vehicles, and the events that markets tend to react negatively to are usually events that no one ever saw coming or predicted. This is why we continually encourage you, our clients, to have a strategy and stick to it, and not react or change that strategy based on the movements of the markets. As always, we are here and ready to discuss your accounts and strategy whenever you would like. Happy New Year!



## CARES Act and 2020 Taxes

*We wanted to take a moment to share our understanding and some helpful information regarding the Coronavirus Aid, Relief, and Economic Security (CARES) Act and the 2020 tax season.*

The IRS set eligibility requirements to receive stimulus checks based on individual's 2019 AGI. The individual filer AGI limit was up to \$75,000, and joint filers AGI limit was up to \$140,000. Individuals with 2019 AGI that was above these IRS income limits and were not eligible to receive a full stimulus payment, may be eligible to receive a refund credit on their tax return if their 2020 income was below the AGI income limits. On the other hand, if you received a full stimulus payment, but your 2020 AGI was above the AGI income limits, you will not have to pay back any portion of the stimulus funds you received.

If you welcomed a new baby in 2020 and were eligible to receive both direct stimulus payments, you may be eligible to receive a tax refund credit for both rounds of stimulus funds entitled to individuals with dependents.

Required minimum distributions (RMD) were waived for 2020. Individuals that initially took an RMD distribution and had taxes withheld, but later returned their net RMD distribution to their IRA, may be able to use their tax payments as either a prepayment toward their tax bill or receive a tax credit for their prepayment. Regarding the new year, our understanding is that required minimum distributions will be required for 2021.

As always, we recommend consulting with your tax professional to better understand how the CARES act may impact your tax and financial situation.



## It's that time of year again – tax time!

Below please find the dates for when different types of tax forms will become available for your accounts held at National Financial Services. If you access Investor 360, your documents will be available on the dates listed below. If you are set up to have your documents mailed to you, they will be mailed 5–7 days following the date they are available.

### JANUARY 21, 2021

Form 5498s with retirement account contribution information and Form 1099Rs with retirement account withdrawal information will be available.

### JANUARY 23 – MARCH 5, 2021

1099 Consolidated Tax Statements for non-retirement accounts are projected to be available beginning January 23, 2021, with the final round of documents issued around March 5th.

### MAY 5, 2021

Follow up Form 5498s for retirement accounts will be available for 2020 contributions made between January 1, 2021 and April 15, 2021.

## CORRECTED FORMS

For non-retirement accounts, there is always the possibility of corrected 1099 Consolidated Tax Statements. These corrected documents are the result of updates to cost basis or companies reclassifying income distributions made during the year to ensure proper reporting. Corrected Consolidated 1099 Tax Statements will begin to be generated on February 20, 2021, and will continue through April 15, 2021. We encourage you to let your tax preparer know of the possibility of a corrected document being issued.



## Tax Preparation Software Integration and Discounts

If you are an Investor 360 user and prepare your taxes through TurboTax, H&R Block, or TaxAct, once your tax information is available it can be imported from Investor 360 into these programs, saving you input time. In addition, National Financial Services is offering discounts on tax preparation to clients who use these three platforms. More information on those discounts may be found here:

### TurboTax

Save up to \$20 at [turbotax.intuit.com/affiliate/nfsdiscount](https://turbotax.intuit.com/affiliate/nfsdiscount)

### H&R Block

Save up to \$20 at [www.hrblock.com/nfs](https://www.hrblock.com/nfs)

### TaxAct

Save 25 percent on most of products at [www.taxact.com/nfs](https://www.taxact.com/nfs)



## PIN PROGRAM

Starting in 2021, you may voluntarily opt into the IRS PIN program as a proactive way to protect yourself from tax-related identity theft. An IP PIN (Identity Protection PIN) is a six-digit number that prevents someone else from filing a tax return using your social security number. It is known only to you and the IRS and helps verify your identity when you file your electronic or paper tax return. If this is something that interest you, visit the link below to learn more: <https://www.irs.gov/identity-theft-fraud-scams/get-an-identity-protection-pin>



## Happy Valentine's Day & Feeling the Love for Small Businesses!

*Valentine's Day is a holiday to celebrate love.*

The usual connotation is romantic love, but it can also be an opportunity to celebrate and express other types of love as well. Many of us will be showing our love to family and friends this Valentine's Day, but it won't be an evening out for most of us this year.

Restaurants and small businesses have been particularly impacted by the pandemic, and those businesses that have survived have done so thanks to an outpouring of support from their communities

The staff at AWM will be showing our love for small businesses this year while also enjoying Valentine's Day. Some of our staff's plans include buying flowers from a local flower shop, ordering take out from a favorite family restaurant, or getting a local craft beer to take home and enjoy!



## 2020 IRA and Roth IRA Contributions

As a reminder, you have until April 15, 2021 to make IRA and/or Roth IRA contributions for the year 2020. The contribution limit for 2020 is \$6,000, plus an additional \$1,000 "catch-up" contribution for those age 50 and over. If you are interested in making a contribution for 2020, please reach out to our office today!

*Even though contributions are not due until April 15, 2021, we encourage you to make a contribution as soon as possible.*



## New Website

Click [here](#) to check out our redesigned website. One of the new features is an appointment scheduling option. Click on the “clients” tab in the upper right-hand corner to get started. You’ll have the option to choose a shorter “check-in” type meeting or a holistic financial review. You’ll then be able to see available appointment dates and times, can indicate if you prefer a phone or Zoom meeting, and can include a message about anything you’d like to discuss.

[www.advwealth.com](http://www.advwealth.com)



## Office Closures

Presidents Day  
February 15th

Observance of Independence Day  
July 5th

Thanksgiving  
November 25th - 26th

Memorial Day  
May 31st

Labor Day  
September 6th

Christmas  
December 25th

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*10220 SW Greenburg Road, Suite 210, Portland, OR 97223*

